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MINISTRY BUSINESS PLAN

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2001/02 to 2003/04

Alberta

AGRICULTURE, FOOD AND
RURAL DEVELOPMENT

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Ministry of

Agriculture, Food and Rural Development

Business Plan

2001 to 2004

Additional copies of the Ministry's Three Year Business Plan can be obtained by contacting the department's Administration Division at 780-427-2151. Also, copies of the Ministry's Regulatory Reform Plan can be obtained by contacting the department's Policy Secretariat at 780-422-2070.

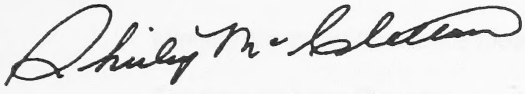
Ministry of Agriculture, Food and Rural Development

Business Plan 2001-04

Accountability Statement

This Business Plan for the three years commencing April 1, 2001 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at April 3, 2001 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Shirley McClellan, *Minister of Agriculture, Food and Rural Development*
April 10, 2001

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Introduction

Alberta has continued to enjoy economic prosperity in the last several years and the agriculture and food industries have been key contributors.

- Primary agricultural production is Alberta's largest renewable resource-based industry. The primary agriculture sector generated $6.55 billion in farm cash receipts in 1999, which represents 21.5 per cent of Canada's primary agricultural output. During the benchmark period 1989 to 1993, Alberta averaged 20.1 per cent of Canada's primary output.

- Secondary agricultural processing, including the food and beverage processing industries, is a key segment of Alberta's manufacturing sector. A new record for shipments was set in 1999 at $7.8 billion in sales. Approximately 12.9 per cent of Canadian food and beverage shipments are from Alberta, up from 10.9 per cent over the 1989 to 1993 benchmark period.

- Primary agriculture and the food and beverage manufacturing industries combined were the third largest goods producing employer in Alberta in 1999. During 1999, employment in the agriculture and food sectors averaged 101,500 people.

- Sustainable growth in an increasingly competitive market presents many challenges. Distortions in the international market caused by high foreign subsidies and trade barriers contributed to low prices at the farm gate. In addition, the public are constantly demanding new products, guarantees of food safety and assurance that the environment is protected.

Potential for Growth in the Industry

The agri-food sector offers significant potential for expansion in the years ahead:

- The industry and the Ministry believe there is an opportunity for the industry to grow to $20 billion in value-added shipments and $10 billion in farm cash receipts by 2010.

- Achieving these growth levels will result in a sizable increase in direct employment in primary production and in the food and beverage sector, as well as contributing to the further development of rural Alberta.

Vision

We are a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.

Mission

We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

Note: The Ministry Goals, Key Results, Measures, Strategies and Actions reflect activities of the Agriculture, Food and Rural Development Department; Agriculture Financial Services Corporation; Alberta Opportunity Company; Alberta Dairy Control Board; Farmers' Advocate; Irrigation Council; Agricultural Products Marketing Council; and Alberta Grain Commission.

Core Businesses

The Ministry contributes to the government's three core businesses - **People, Prosperity and Preservation**. Our primary focus is on the second core business - working with others to promote prosperity for Alberta through a strong, competitive agriculture and food industry that is sustainable and environmentally responsible. The functions of the Ministry are aligned with government core businesses through the following Ministry core businesses:

Industry Development - focuses on industry growth and development through applied research, technology transfer and business development.

Planning and Competitiveness - focuses on supporting agriculture and rural communities through the development of sound policy, the provision of strategic economic information and programs to support rural development.

Risk Management and Lending - focuses on helping industry reduce its exposure to risks resulting from uncontrollable world markets, weather and interest related events, while minimizing government's exposure.

Sustainable Agriculture - focuses on assisting the industry to enhance sustainability by improving the quality of soil and water resources, production of safe food and increased public confidence in the safety of food products.

Goals

1. Improved industry competitiveness.
2. Increased amount of value added to industry commodities, products and services.
3. Increased diversity of commodities, products and services.
4. Increased capability of industry to manage risk and capacity to manage change.
5. Improved environmental stewardship.
6. Continued excellence in food safety.
7. Improved management of the Ministry's resources.

Ag Summit 2000

The Ministry's strategic direction has to a large extent been based on a shared industry and government vision. In fall 1999, the Honourable Ty Lund, Minister of Alberta Agriculture, Food and Rural Development, announced *Ag Summit 2000*. The purpose of the Summit was to engage Albertans in a forward-looking dialogue about the challenges and opportunities facing the agriculture and food industry in our province. Over 1,500 people came out to meetings to participate in the Summit dialogue process between February and June 2000. Many others took part through the Summit interactive web site.

Participants proposed many innovative and creative ideas for developing the long-term sustainability of the agri-food industry in our province. At the wind-up workshop attended by 280 delegates from a wide range of Alberta's agriculture and food sectors, participants expressed their willingness to develop action plans for 17 initiatives that they determined to be critical to the future of agriculture and rural development. Industry will be taking the lead in pursuing the initiatives.

The 17 recommended initiatives and a summary of the information gathered throughout the consultation process are included on the Ministry website http://www.agsummit.gov.ab.ca. Strategies in this business plan that address some of the Summit recommended initiatives are designated with a "★". Other strategies are preceded by a "■".

As a result of the Summit, the Ministry is currently reviewing its vision, mission, core businesses, goals and performance measures. This process will involve further dialogue between Ministry staff and industry, and changes will be reflected in future business plans.

Primary Clients

The Ministry will continue to direct most of its efforts towards its primary clients, defined as those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Measurable Results

The Ministry's seven overall performance measures reflect change at the macro level. These macro measures with related benchmarks, forecasts and targets are included on pages 11 to 12. Other measures have been identified on pages 4 to 11 to provide more information on the Ministry's success in achieving the key results for each goal.

The review of the Ministry goals in this planning period will include an assessment of the appropriateness of related measures.

Cross Ministry Initiatives

Four cross ministry initiatives engage people from various ministries in finding innovative, effective and productive ways of meeting people's needs. This cooperative approach recognizes the reality that many issues are not isolated to a single ministry. The initiatives are as follows:

1. the Aboriginal Policy Initiative
2. the Seniors Policy Initiative
3. the Children and Youth Services Initiative
4. the Economic Development Strategy

Actions related to implementation of the four cross ministry initiatives are designated with a "☞".

Key Results, Measures, Strategies and Actions

The following elements support goals 1 to 7:

- key results (what we expect to achieve)
- measures (how we will know if we are achieving the goals)
- strategies (how we are going to go about achieving the goals)
- actions (what we are going to do specifically to achieve the goals)

Goal #1: Improved industry competitiveness

KEY RESULTS	MEASURES
• Improved ability of Alberta's agri-food industry to assess and respond to market opportunities	• Reduction in barriers that limit market access and competitiveness
• Increased market share in new and existing markets	• Alberta's market share for priority products in priority markets
• Improved industry cost structure	• Production index for priority products

Strategies:

★ Advocate policy, legislation, regulation and institutional reforms that assist industry to respond to growth opportunities.
★ Create economic and regulatory conditions necessary for farmers and industry to better respond to available opportunities.
★ Encourage applied research, competitive intelligence and technology transfer for the benefit of Alberta's industry.
★ Support the further development of management skills.
★ Increase awareness of agriculture, its contributions and issues among Albertans.
★ Encourage infrastructure and systems that support sustainable growth and diversification.
★ Improve the ability of agriculture to attract investment.

Actions:

- Advocate for changes in trade regulations and rules to improve market access.
- Advocate for the elimination of subsidies that distort trade and production.
- Advocate improved Canadian Wheat Board (CWB) programs, policy and legislation to allow for more delivery options including the removal of barley from the CWB.
- Encourage necessary economic and social infrastructure, value chains, transportation and services.
- In partnership with others, conduct adaptive research and introduce new technologies.
- Provide competitive intelligence, strategic information and knowledge for use by industry to identify growth opportunities and constraints.
- Participate in quality assurance on farms and businesses, environmental stewardship and animal welfare.
- Complement workforce training.
- Complement financial services provided by the private sector.
- Encourage development of markets/crops/livestock that best suit unique Alberta conditions and situations.
- Encourage the use of sound business and financial practices.
- Encourage manufacturing through the attraction of new investment, re-investment, consolidation and restructuring.
- Enhance Canada-U.S. border trade relations and support industry in international trade disputes.
- Support and advocate institutional and legislative reforms to enhance competitiveness.
- Continue to support Growing Alberta, Industry Development Funds and agricultural promotion.
- Conduct the surveillance of Alberta's livestock population to address sanitary/technical barriers to trade.

- In partnership with the Canadian Food Inspection Agency and industry, develop an emergency response plan for animal disease incursions.
- In collaboration with private sector institutions, identify and serve entrepreneurs who have viable business ideas, but are unable to find the financing they need with conventional financial institutions.
- Support the rehabilitation of irrigation district water systems to provide a reliable water supply for irrigation and related agricultural and processing users.

Goal #2: Increased amount of value added to industry commodities, products and services

Key Results	Measures
• Increased quantity of products processed in Alberta	• Value of production of agriculture and food products
• Growth and development of the value-added sector	• Dollars invested in value-adding in Alberta

Strategies:

★ Encourage new and expanded investment in value-added processing.
➲ Facilitate the development of new value-added products and technologies for use by Alberta's industry.
■ Partner with others to enhance skills and pursue opportunities for value-added processing.
★ Work with industry to establish supply and value chain linkages.
■ Advocate changes to federal policies to encourage value adding.

Actions:

- Work with the existing food processing industry, and entrepreneurs outside Alberta, to encourage expansion and new investment in value-added processing.
- Work with industry to conduct applied/adaptive research and develop new products and new technologies.
- Encourage value-added agriculture through the provision of financial services.
- Examine options for the development of a sustainable municipal industrial wastewater infrastructure program to accommodate new agriculture processing.
- Increase awareness in the agriculture and food industry of the Ministry's financial services respecting the development and expansion of value-added business in rural areas.
- Promote the development of value chains.
- Facilitate the adoption of new technologies, business and technical skills in the industry.
- Work with industry to identify impediments/possible strategies to increase the ratio of processing to production.
- Press the federal government to establish trade policy that will support value adding through zero-for-zero tariffs in oilseed products and other manufactured food products.
- Press the federal government for changes to policies to encourage value-added processing, especially in the grain sector.
- Encourage community readiness for value-added investment.
- Ensure milk is allocated in compliance with government policy to meet market demand.

☞ Develop the agriculture and food component of the cross ministry Economic Development Strategy.

Goal #3: Increased diversity of commodities, products and services

Key Results	Measures
• Growth in the production of non-traditional commodities, products and services	• Value of production of non-traditional commodities and products • Value of processing in non-traditional commodities and products

Strategies:

- Facilitate the development of alternative uses of agricultural products.
- Ensure the development of technology and knowledge to assist industry diversification.
- ★ Encourage focused research on market opportunity, product development and production adaptability.
- ★ Support the agriculture industry to take advantage of emerging life sciences opportunities.
- Support the development of functional foods and industrial products.

Actions:

- Collaborate with Ag Summit Action Teams on a "Research and Development Strategy for Diversifying Crop and Livestock Production in Alberta" and "Research Centres of Excellence."
- In collaboration with Alberta Economic Development, identify new niche market opportunities.
- Assist industry with the development of Identity Preserved products and systems.
- Develop an "Organics Team" to support potential growth in Alberta's organics industry.
- Support expansion of irrigation to increase opportunities for diversification.
- Work with provincial and federal agencies to develop an integrated life sciences strategy.
- Partner with the Functional Food and Neutraceutical Centre of Excellence to develop new products.
- Attract new capital investment for growth and diversification.
- Develop new value-added technologies for use by Alberta's processing industry.
- Identify leading functional food trends that support opportunities for new food uses.
- Partner in research and development of non-food neutraceuticals, and pharmaceutical uses of crops and livestock product components.
- Develop the Canada-Alberta Irrigation Crop Development Centre.
- Implement the Woodlot Pilot Applied Research and Extension Program in partnership with industry and Prairie Farm Rehabilitation Administration.
- Partner with others to expand research capacity in Alberta's expanding greenhouse industry.
- Partner with industry and other governments to develop applied research, pest monitoring and extension services for Alberta's rapidly expanding potato industry.
- Partner with the Alberta Elk Association and University of Alberta to develop an Elk Centre of Excellence.
- In partnership with Lethbridge Community College, develop an Alberta Aquaculture Centre.
- Support research to resolve bison disease concerns.
- In cooperation with Alberta Environment, implement a new Cervid Health Protocol Importation Program.
- Explore opportunities for industrial egg processing.
- In partnership with the University of Alberta, develop a Bio-infomatics Extension Centre.

Goal #4: Increased capability of industry to manage business risk and capacity to manage change

Key Results	Measures
• Businesses have increased capacity to manage risk	• Increased use of new and existing marketing, processing, production and financial risk management information and tools by the industry
• Reduction in whole farm income variability	• Resolution of policies and regulations that increase risks or constrain industry's ability to manage risk
• Self-reliant businesses that are flexible and adaptable to change	• Government program payments as a per cent of farm cash receipts

Strategies:

- Provide Alberta's agriculture and food industry with unique financial products and services.
- Ensure the availability of appropriate risk management tools and related training for Alberta farmers.
- Ensure the effective development, design and management of appropriate safety net programs.
- Advocate for changes to or removal of policies and regulations that increase risk or constrain industry's ability to manage risk.
- ★ Encourage farmers and agri-business to make changes and/or adjustments to ensure long-term viability.
- Ensure the availability and access to appropriate government emergency service plans in response to any designated weather disaster that has adversely affected Alberta farmers and agri-business.
- Facilitate the development of rural human capital in businesses, organizations and communities through partnerships and targeted programs.

Actions:

- Offer and administer programs including beginning farmer loans, commercial lending, Industry Development Funds and assistance to rural-based organizations.
- Prepare appropriate policies, legislation and regulations that improve industry's ability to manage risk on a self-reliant market-oriented basis.
- Offer and administer all risk crop insurance, hail insurance, forage insurance, Farm Income Disaster Program (FIDP), and compensation for waterfowl and wildlife damage to crops.
- Follow up on recommendations from the Crop Insurance Review, Alberta Opportunity Company/ Agriculture Financial Services Corporation Review and Net Income Stabilization Account (NISA) Review.
- Increase awareness of new business and ownership structures as well as alternative business and transfer arrangements.
- Facilitate the development of strategic business options and opportunities.
- Design and deliver tools to support the development of leadership, business management and organizational skills.
- Implement emergency plans, as necessary, and deliver disaster assistance programs in response to catastrophic weather events.
- Continue to look for opportunities to provide insurance coverage for established crops that are not currently covered.

Goal #5: Improved environmental stewardship

Key Results	Measures
• Maintenance or improvement in the quality of soil and water resources	• Land productivity index • Water quality index for agriculture (small streams)

Strategies:

★ Support and conduct applied/adaptive research and evaluations to find economically sound, environmentally friendly technologies and management practices for crop and livestock production and agricultural processing.

★ Support and transfer integrated technology and knowledge to assist the industry in becoming more environmentally sustainable.

★ Determine the effect of agricultural production and processing operations on soil, water and air quality.

★ Provide guidelines, standards, regulations and legislation for environmental performance requirements to sustain the quality of Alberta's soil, water, air and agriculture land resources.

■ Encourage optimal and sustainable management of water resources available to the agri-food industry.

Actions:

■ Work with industry groups and research organizations to fund and evaluate technologies and management practices that will reduce odors and nutrient contaminants from livestock operations and from land application of manure.

■ Monitor changes in soil, water and air quality to determine the effects of agricultural production and processing operations and respond in an appropriate manner.

■ Support the work of the Alberta Environmentally Sustainable Agriculture (AESA) Council, Beneficial Management Practices teams, other government agencies and industry partners to promote the adoption of economically sound and environmentally friendly land, crop and livestock management practices.

■ Participate in industry and interdepartmental government efforts to develop a plan to reduce greenhouse gas emissions.

■ Assist industry in implementing efficient and sustainable irrigation water delivery and on-farm application.

■ Help producers integrate beneficial management practices into their production systems.

■ Consult with the livestock industry to develop best management practices, environmental audits and self-assessments, and a peer review process to ensure accepted standards are used in the management of intensive livestock operations.

■ Work with a broad range of stakeholders in developing a framework to better balance business and community development with the conservation of farmland and open spaces.

Goal #6: Continued excellence in food safety

Key Results	Measures
• Safe food from production to consumption	• Incidence of food safety problems
• Increased consumer confidence in the safety of Alberta's food products	• Total production from Alberta farms that have adopted quality assurance programming • Per cent of production from Alberta food processing plants that have adopted the Hazard Analysis Critical Control Point (HACCP) program

Strategies:

★ Facilitate adoption of internationally accepted food safety systems and standards throughout the Alberta food production chain.
★ Develop and maintain targeted food safety surveillance systems that validate the safety of Alberta's agriculture and food products.
■ Develop and administer essential policy and legislation.
■ Strengthen the food safety knowledge and skills of people working in Alberta's agri-food industry.
■ Communicate Alberta's standards for food safety to industry and consumers.
★ Develop additional knowledge and technology in support of safe food production.
■ Respond quickly and effectively to food safety problems.

Actions:

■ Support industry in the development/adoption of safe food production protocols based on the principles of HACCP throughout the food system.
■ Assist industry in solving food safety problems and provide audit services for industry-driven safe food production programs.
■ Survey the level of safety of food products produced in Alberta and develop strategies that facilitate improvement.
■ Continue harmonization of legislation that guides safe food production.
■ Provide inspection services for provincially licensed slaughter and dairy operations.
■ Ensure the safe use of veterinary drugs through the Production Animal Medicine Regulations.
■ Provide continuing education and resource materials on food safety and HACCP in partnership with industry.
■ Provide science-based information on Alberta safe food production systems and food safety standards to global clients and consumers.
■ Provide balanced, scientifically accountable information on controversial food safety issues.
■ Ensure Alberta's food industry has access to information on the requirements of trading partners.
■ Provide technical leadership in the development of new methods and technologies for the detection of contaminants in food, residues in food and livestock diseases.
■ Facilitate the development of a coordinated emergency response plan for food safety issues.

Goal #7: Improved management of the Ministry's resources

KEY RESULTS	MEASURES
• Competent, versatile employees	• Percentage of training fund directed to core competencies • Results from Staffspeak survey
• Optimal use of operating and capital resources	• Budget targets met
• Client satisfaction with Ministry services and products	• Results from client survey

Strategies:

- Continue to improve:
  - business planning and implementation
  - the use of information technology
  - human resource development planning and programming
  - fiscal responsibility and accountability
- Integrate planning and program development with other ministries and the Alberta Corporate Service Centre.
- Develop and maintain partnership alliances for the better integration of human and fiscal resources.

Actions:

- Encourage developmental initiatives and training through planning at the employee level and providing support for priority education and training.
- Continue to implement the department's succession plan.
- Continue to build team leadership skills and reward team participation.
- Further develop the Ministry's Internet site (Ropin' the Web) and Intranet site by implementing a portal strategy to enhance access and usability by clients.
- Further develop the Knowledge Management program to strengthen the Ministry's efficiency and capability in harvesting, storing, managing and sharing information, to improve client service.
- Incorporate client feedback in the preparation of the plans and policies of the Ministry; and develop and implement a more formalized process to obtain client feedback on Ministry performance.
- Re-engineer the service delivery and business processes of the Agriculture Financial Services Corporation to improve customer service.
- Build new alliances and work with other lenders to leverage Ministry funds.
- Explore further opportunities with private reinsurers for reinsuring government's risk under the crop insurance and farm income disaster programs.
- Implement an infrastructure management system to optimize the use of provincial financial resources allocated to irrigation infrastructure rehabilitation.
- ☞ Review Ministry programs relative to the cross ministry Aboriginal Policy Initiative.
- Partner in the cross ministry Alberta Corporate Service Centre Initiative.
- Implement the cross ministry Corporate Human Resource Development Strategy.
- Implement outcomes of the department functional review, to improve efficiencies and enhance the effectiveness of programs and services.

- Utilize electronic technologies to improve and automate the reporting of performance measurement, financial and human resource management information, and expenditure commitment processes.
- Survey Agriculture Financial Services Corporation customers for service delivery satisfaction.

Ministry Macro Performance Measures

Note: Unless otherwise stated, the 1989-1993 benchmarks for all the measures are five year averages for 1989 to 1993. This time period was selected as the most typical period in agriculture relative to overall production and prices for agriculture products. Sources for data are Statistics Canada and Alberta Agriculture, Food and Rural Development.

1. Percentage of Canadian farm cash receipts Alberta farmers and ranchers account for.

Income received by farmers and ranchers from the sale of agriculture products is called farm cash receipts. Government payments, which typically make up less than four per cent of receipts, are also included. This measure shows how Alberta farmers and ranchers are doing relative to other Canadian farmers and ranchers they compete against.

Alberta Farm Cash Receipts

	1989-1993 Benchmark	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Forecast	2004 Target
Total Farm Cash Receipts ($ millions)	4,625	6,409	6,549	7,400	7,300	7,300	7,500
Alberta as % of Canada	20.1	21.5	21.5	23.1	22.1	21.5	22.1

2. Net Cash Income of Alberta farmers and ranchers.

Net Cash Income is derived by subtracting operating expenses (after rebates) from total cash receipts. This figure is the amount of cash remaining to cover the non-interest part of mortgage payments, purchase capital items, meet living expenses, accumulate savings and cover other non-farm expenses.

Net Cash Income

	1989-1993 Benchmark	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Forecast	2004 Target
Total Net Cash Income ($ millions)	1,034	1,276	1,157	1,500	1,100	1,000	1,000
Alberta as % of Canada	19.3	20.4	18.2	23.1	17.2	15.9	15.6

3. Percentage contribution by Alberta's food and beverage industry of Canada's total value of shipments.

Income received by Alberta's agriculture and food business processing and manufacturing firms is called value of shipments. This measure shows how Alberta businesses are doing relative to other Canadian businesses.

Alberta Food and Beverage Industries' Value of Shipments

	1989-1993 Benchmark	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Forecast	2004 Target
Total Value of Shipments ($ millions)	4,867	7,549	7,816	8,400	8,700	8,900	9,200
Alberta as % of Canada	10.9	12.7	12.9	13.1	13.2	13.2	13.3

4. **Value of shipments of agriculture and food products from Alberta to other countries.**
Alberta's farmers, ranchers and agri-businesses ship agriculture and food products throughout the world. This measure illustrates the value of products of Alberta origin exported out of Canada.

Value of Agriculture and Food International Exports

	1989-1993 Benchmark	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Forecast	2004 Target
Total Value of Exports ($ millions)	2,700	4,923	4,591	5,750	5,700	5,800	6,000
Alberta as % of Canada	23.2	21.7	20.7	22.7	22.3	22.3	22.6

5. **Importance of Alberta agriculture, food and beverage industries relative to Alberta's gross domestic product.**
Agriculture and food industries constitute the largest of Alberta's renewable resources. The comparison of this sector to other sectors of the Alberta economy illustrates its growth and potential.

Contribution to Alberta's Gross Domestic Product

	1989-1993 Benchmark	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Forecast	2004 Target
Total Agriculture and Food Domestic Product ($ millions)	3,112	4,126	4,250	4,400	4,500	4,500	4,500
% of total Alberta Gross Domestic Product	4.58	4.71	4.62	4.27	4.29	4.29	4.29

6. **Employment in agriculture and food.**
This measure illustrates changes in the level of employment. The agriculture, food and beverage manufacturing industry was the third largest goods producing employer in the province in 1999.

Employment of Albertans (thousands)

	1989-1993 Benchmark	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Forecast	2004 Target
Primary	95.7	91.6	82.5	83.5	84.0	85.0	86.0
Secondary	18.1	20.4	19.0	19.2	20.0	20.2	21.0
Total	113.8	112.0	101.5	102.7	104.0	105.2	107.0

7. **Alberta land productivity indicator.**
This measure records changes in long-term land productivity as indicated by annual crop output. Although year-to-year changes in productivity occur due to variations in weather and growing conditions, the long-term average is effective in showing trends.

Output Equivalency (Tonnes/Acre)

	1989-1993 Benchmark	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Forecast	2004 Target
Index	0.783	0.886	1.021	0.89	0.90	0.91	0.92

Note: This indicator is the best available proxy for long-term land productivity. Crop production per acre for the various crops grown in Alberta was converted to a standard base tonnes of wheat per acre. This conversion allows for the differences in yields of the various crops. Although soil degradation is still a concern on some lands, most producers are using sound management practices that ensure the long-term sustainability of agriculture in Alberta.

Expense by Core Business

(thousands of dollars)

	Comparable 1999-2000 Actual	Comparable 2000-01 Budget	Comparable 2000-01 Prelim. Actual	2001-02 Estimates	2002-03 Target	2003-04 Target
EXPENSE						
Core Business						
Industry Development	50,356	59,508	58,006	54,905	55,714	56,547
Planning and Competitiveness	32,300	33,304	37,914	33,885	34,199	33,923
Risk Management and Lending	614,562	492,180	625,520	735,293	478,279	488,042
Sustainable Agriculture	56,390	48,664	53,913	58,012	56,116	55,606
Quota Exchange and Restricted Expense	63,202	59,322	72,700	61,661	61,697	61,734
MINISTRY EXPENSE	816,810	692,978	848,053	943,756	686,005	695,852

Ministry Income Statement

(thousands of dollars)

	Comparable 1999-2000 Actual	Comparable 2000-01 Budget	Comparable 2000-01 Prelim. Actual	2001-02 Estimates	2002-03 Target	2003-04 Target
REVENUE						
Internal Government Transfers	42,820	11,620	11,620	11,620	11,620	11,620
Transfers from Government of Canada	170,674	53,404	78,972	244,005	133,277	134,751
Investment Income	83,959	87,389	98,202	103,563	111,766	118,439
Premiums, Fees and Licences	74,251	80,854	63,141	66,458	83,204	85,071
Other Revenue	70,965	66,241	78,914	66,852	67,002	67,330
MINISTRY REVENUE	442,669	299,508	330,849	492,498	406,869	417,211
EXPENSE						
Program						
Farm Income Support	426,007	201,576	318,997	434,587	189,856	190,727
Lending	25,506	27,624	29,929	31,850	30,727	32,369
Insurance	102,859	189,528	219,205	201,714	193,629	197,077
Planning and Competitiveness	29,519	30,544	34,936	30,989	31,187	30,946
Industry Development	40,355	40,603	46,446	42,137	42,633	43,560
Sustainable Agriculture	27,074	26,910	32,050	29,236	28,647	29,195
Infrastructure Assistance	27,269	28,700	20,520	29,000	27,500	26,500
Quota Exchange and Restricted Expense	63,202	59,322	72,700	61,661	61,697	61,734
Ministry Support Services	14,492	14,729	15,891	15,440	16,062	15,875
Valuation Adjustments	8,987	8,240	(945)	6,731	7,121	7,114
Program Expense	765,270	627,776	789,729	883,345	629,059	635,097
Debt Servicing Costs						
Agriculture Financial Services Corporation	46,822	60,102	53,130	54,958	51,421	54,975
Alberta Opportunity Company	4,718	5,100	5,194	5,453	5,525	5,780
Ministry Debt Servicing Costs	51,540	65,202	58,324	60,411	56,946	60,755
MINISTRY EXPENSE	816,810	692,978	848,053	943,756	686,005	695,852
Gain (Loss) on Disposal of Capital Assets	(9)	-	-	-	-	-
NET OPERATING RESULT	(374,150)	(393,470)	(517,204)	(451,258)	(279,136)	(278,641)

Consolidated Net Operating Result

(thousands of dollars)

	Comparable 1999-2000 Actual	Comparable 2000-01 Budget	Comparable 2000-01 Prelim. Actual	2001-02 Estimates	2002-03 Target	2003-04 Target
Ministry Revenue	442,669	299,508	330,849	492,498	406,869	417,211
Inter-ministry consolidation adjustments	(42,820)	(11,620)	(11,620)	(11,620)	(11,620)	(11,620)
Consolidated Revenue	399,849	287,888	319,229	480,878	395,249	405,591
Ministry Program Expense	765,270	627,776	789,729	883,345	629,059	635,097
Inter-ministry consolidation adjustments	(678)	-	-	-	-	-
Consolidated Program Expense	**764,592**	**627,776**	**789,729**	**883,345**	**629,059**	**635,097**
Ministry Debt Servicing Costs	51,540	65,202	58,324	60,411	56,946	60,755
Consolidated Expense	816,132	692,978	848,053	943,756	686,005	695,852
Gain (Loss) on Disposal of Capital Assets	(9)	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	(416,292)	(405,090)	(528,824)	(462,878)	(290,756)	(290,261)

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